VIRTUALSOFT
Get The Digital Edge

Catalyzing Innovative Broadband & Mobile Roaming Solutions...





Virtual Events Division vReach™

Telecom Division ROAM1 MOBILE

VIRTUALSOFT SYSTEMS LIMITED

ANNUAL REPORT 2010-2011

BOARD OF DIRECTORS	*Mr. Gokul Tandan*	*Managing Director*
	Mr. Rajendra V. Kulkarni	*Whole time Director*
	Mr. Ashok K. Anand	*Director*
	Mr. Suresh Rajpal	*Director*
COMPANY SECRETARY	*Mr.Atul Kumar*	
BANKERS	*HDFC BANK LIMITED* *D-965, Opp. Mata Ka Mandir* *New Friends Colony* *New Delhi-110 065.*	
STATUTORY AUDITORS	*Nath Ahuja & Co.* *Chartered Accountants* *S-400, Graater Kailash -II* *New Delhi-110 048*	
REGISTERED OFFICE	*S-101, Panchsheel Park,* *New Delhi-110 017*	
SHARE TRANSFER AGENT	*Mas Services Pvt. Ltd.* *AB-4, Safdarjung Enclave* *New Delhi - 110 029*	

C o n t e n t s

Notice	2
Directors' Report	3
Corporate Governance Report	6
Auditors' Report	13
Balance Sheet	17
Profit & Loss Account	18
Schedules	19
Balance Sheet Abstract	28
Cash Flow Statement	29

NOTICE

Notice is hereby given that the Twentieth Annual General Meeting of the Members of the Company will be held on Friday , September 30, 2011 at 9:00 a.m. at Rama Krishna Banquets Hall, Near Main Market, Bhajanpura, Main Wazirabad Road, Delhi -110 053, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2011 and the Profit & Loss Account for the year ended as on that date and the Reports of Auditors and Directors thereon.
2. To re-appoint Mr. Suresh Rajpal, Director who retires by rotation and being eligible, has offered himself for re-appointment.
3. To re-appoint Mr. Ashok Kumar Anand, Director who retires by rotation and being eligible, has offered herself for re-appointment.
4. To appoint M/s. Nath Ahuja & Co., Chartered Accountants as Auditors of the Company who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

Registered Office:
S-101, Panchsheel Park,
New Delhi-110 017.
Dated: August 16, 2011

By Order of the
Board of Directors

Atul Kumar
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OT THE COMPANY.

   The instrument of proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the Meeting.

   An explanatory statement pursuant to Section 173 of the Companies Act, 1956, in respect of the items under
2. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday September 28, 2011 to Friday 30, 2011 (both days inclusive).
3. Member are requested:
   i. to kindly notify the change of address, if any to the Company/ the Registrar / Depository Participant.
   ii. To bring their copy of the Annual Report,
   iii. to deposit to duly completed attendance slip at the meeting

Registered Office:
S-101, Panchsheel Park,
New Delhi-110 017.
Dated: August 16, 2011

By Order of the
Board of Directors

Atul Kumar
Company Secretary

DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting for your consideration and approval the Twentieth Annual Report of your Company for the financial year ended March 31, 2011.

1. FINANCIAL RESULTS

(Figures in Lacs)

	Particulars	Year Ended 31.03.2011	Year Ended 31.03.2010
1.	(a) Net Sales/Income from Operations	125.66	36.55
	(b) Other Operating Income	0.00	0.00
2.	Expenditure		
	a. Increase/decrease in stock in trade and work in progress	0.00	0.00
	b. Consumption of raw materials	0.00	0.00
	c. Purchase of traded goods	59.87	6.81
	d. Employees cost	13.62	29.94
	e. Depreciation	6.70	7.22
	f. Other expenditure	47.05	30.89
	g. Total	127.24	74.86
	(Any item exceeding 10% of the total expenditure to be shown separately)	0.00	0.00
3.	Profit from Operations before Other Income, Interest and Exceptional Items (1-2)	(1.58)	(38.31)
4.	Other Income	4.95	2.67
5.	Profit before Interest and Exceptional Items (3+4)	3.37	(35.64)
6.	Interest	0.46	1.80
7.	Profit after Interest but before Exceptional Items (5-6)	2.91	(37.44)
8.	Exceptional items	0.00	0.00
9.	Profit (+)/ Loss (-) from Ordinary Activities before tax (7+8)	2.91	(37.44)
10.	Tax expense	0.00	0.00
11.	Net Profit (+)/ Loss (-) from Ordinary Activities after tax (9-10)	2.91	(37.44)
12.	Extraordinary Item (net of tax expense Rs.	0.00	0.00
13.	Net Profit(+)/ Loss(-) for the period (11-12)	2.91	(37.44)
14.	Paid-up equity share capital (Face Value of the Share shall be indicated)	754.76	754.76
15.	Reserve excluding Revaluation	20.00	20.00
16.	Earnings Per Share (EPS)		
	a) Basic and diluted EPS before Extraordinary items for the period, for the year to date and for the previous year (not to be annualized)	0.04	(0.50)
	b) Basic and diluted EPS after Extraordinary items for the period, for the year to date and for the previous year (not to be annualized)	0.04	(0.50)

17.	Public Shareholding		
	- No. of shares	2,329,517	2,126,258
	- Percentage of shareholding	30.86%	28.17%
18.	Promoters and promoter group Shareholding **		
	a) Pledged/Encumbered		
	- Number of shares	0.00	0.00
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	0.00	0.00
	- Percentage of shares (as a% of the total share capital of the company)	0.00	0.00
	b) Non-encumbered		
	- Number of Shares	5,218,083	5,421,342
	- Percentage of shares (as a% of the total shareholding of promoter and promoter group)	69.14%	71.83%
	- Percentage of shares (as a % of the total share capital of the company)	71.83%	71.83%

1. BUSINESS AND OPERATIONS OF THE COMPANY

VIRTUAL SOFT- PIONEERING BROADBAND, VIRTUAL EVENT & MOBILE ROAMING SERVICES & SOLUTIONS

Broad band networks are revolutionizing the way we do business. Virtual Soft and its v Reach division offer outstanding digital broadband solutions. They use technology developed inhouse and by our best-of -breed global partners to the advantage of large enterprises, associations and media companies. Broadband network & application solutions offer you a convergence of voice, data and video that can be used for your business - by creating and leveraging business function specific virtual events - both live & on-demand, ideally through an annual engagement contract with VirtualSoft.

Virtual Soft transforms conventional business, learning, entertainment and media enterprises into rich media digital corporations. It uses the technologies of the day to set up the infrastructure & application platforms needed for streaming interactive rich media content - as well as creating and managing virtual events - over the internet, intranet or extranet.

A proprietary system called v Code guarantees clarity and seamless delivery of audio, video and multimedia files across both narrowband and broadband networks.

Virtual Soft has developed a world-class Enterprise Communication Platform called vReach that utilizes existing corporate computing infrastructure to make real-time business meeting and events more cost-effective and convenient by reducing travel and extending reach to globally dispersed customers, partners, and co-workers over low-bandwidth network connections through a simple browser interface

VirtualSoft's vReach division also offers Rich Media content creation and migration services using proprietary technology and business methods. It creates near video on-demand content synchronized with Power point slides and other interactive mechanisms for leading conference organizers like CII, FICCI, The Times of India Group, The Federation of Asian Advertising Associations, Business Today; and for leading enterprises such as SAP, IBM, The World Bank and the Tata Group.

It has created over 8000 hours of such content for over 400 different conferences and training events. This content is available in CD/DVD form as well as on knowledge on-demand servers accessible over the intranet and/or internet.

In the year under Review, three new initiatives were successfully launched:

First, based on inhouse R&D, VirtualSoft suucessfully developed and deployed a B2B live Text Chat Platform (Multi - Panelist & Multiple Levels of Moderation) with a video featurepp, for Intel India. 7 Virtual Events were then created and launched for Intel successfully during the year. Over 3,000 of the Target Audience registered and over 1500 attended.

Second, based on a strategic partnership for India and APAC with 6Connex Inc

(www.6Connex.com)- a California based global leader in Virtual Experience based business solutions & our own domain competence, processes and goto market ecosystem, Virtual Soft launched a range of next generation Virtual Experience based events for demand generation, customer engagement, collaboration, learning and knowledge management for brands like CNBC/ Web 18, Cisco, Oracle and Intel - both at the India & APAC level.

Third based on technology & market development work done late in the year under Review, in April 2010, VirtualSoft created a new Telecom division to focus on Mobile Roaming Solutions for the global traveller under the brand name "Roam1" (www.roam1.com)

Currently the options for an International Traveler for telephony during his overseas travel is either to use the International Roaming facility on his existing SIM or take a country specific SIM Card that our competitors provide. We have, along with a UK based company developed a unique solution which allows a consumer to use a single UK based SIM which provides low cost telephony in international roaming. This SIM provides Free Incoming in over 100 countries and provides low cost Call Back to India. Over the past few months we have piloted this SIM and have now over 2500 customers who regularly use this product. The Card is a prepaid card, which again makes it very attractive for an Indian Customer as it allows him to control his international telephony expenses. The billing is in real time and is visible instantly on the net which ensures that there is no room for over billing. The customer gets to retain the card and can publish the number as his permanent International Number. This way every time the customer goes abroad, he adds talk time on his card which makes repeat business very easy for us.

With the foundation in Enterprise Broadband solutions and the three new initiatives launched in the year under Review, the Company now expects significant growth in both revenues and profitability in the current year and the years to come.

2. DIVIDEND

Your Directors do not recommend a dividend.

3. AUDITORS

M/s. Nath Ahuja & Co., Chartered Accountants, Auditors of the Company retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

4. DIRECTORS

Mr. Suresh Rajpal and Mr. Ashok Kumar Anand retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offer themselves for reappointment.

5. DEPOSITS

The Company has not accepted deposits from the public for the year under consideration.

6. PARTICULARS OF EMPLOYEES

There is no employee of the Company who has received remuneration in excess of such sum as prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

7. CAPITAL MARKET DEVELOPMENTS

As on date, 79.11% of Shares are in Demat form and are listed on various stock exchanges. The Company has, from time to time, reminded the shareholders/ investor, holding the Shares in Physical form to convert their Shareholding to dematerialized form.

8. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

(a) Details of Conservation of Energy

The Company uses electric energy for its equipment such as air-conditioners, computer terminals, lighting and utilities in the work premises.

All possible measures have been taken to conserve energy:

- By identifying potential areas for saving;
- By incorporating energy efficient equipment;
- By automation.

(b) Technology Absorption

Research & Development

Specific areas in which Research & Development work has been done in the Company- Intranet Content Delivery Network (ICDN) solution. This solution helps Companies slash costs and raise intellectual capital.

(c) Foreign Exchange Earnings

There had been no foreign exchanges earnings, during the year.

9. DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors wish to state that:

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) that they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

(c) that they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) that they had prepared the annual accounts on a going concern basis.

10. CORPORATE GOVERNANCE

A Separate statement an Corporate Governance along with the Auditor's Certificate on its compliance is given as part of the Annual Reports.

11. ACKNOWLEDGEMENTS

Your Directors acknowledge with a deep sense of gratitude the continued support extended by investors, customers, business associates, bankers and vendors. Your Directors take this opportunity to thank the regulatory and governmental authorities.

For and on behalf of the Board of Directors

Place: New Delhi	Mr. Gokul Tandan	Mr. R.V.Kulkarni
Date: August 16, 2011	Managing Director	Wholetime Director

Corporate Governance Report

Corporate Governance is about commitment to values and about ethical business conduct. Its about how an organization is managed. This includes its Corporate Structure, its culture, policies and manner in which it deals with various stakeholders. Accordingly timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the Company is an important part of Corporate Governance. This improves public understanding of the structure, activities and policies of the Organization. Consequently the Organization is able to attract investors, and to enhance the trust and confidence of the stakeholders.

Your Company believes that sound Corporate Governance is critical to enhance and retain investor trust. Accordingly, your Company always seeks to attain its performance rules with integrity. The Board extends its fiduciary responsibilities in the widest sense of the term. Your Company's endeavors to enhance long - term shareholder value and respect minority rights in all our business decisions.

1. VSL Philosophy on Corporate Governance

1. Satisfy the spirit of law and not just the letter of the law. Corporate Governance standards should go beyond the law.
2. Be transparent and maintain high degree of disclosures levels. When in doubt, disclose.
3. Make a clear distinction between personal conveniences and corporate resources.
4. Communicate externally, in a truthful manner, about how the Company is run internally.
5. Have a simple and transparent corporate structure driven solely by the business needs.
6. Management is the trustee of the shareholder's capital and not the owner.

2. Board of Directors

At the core of its Corporate Governance practice is the Board, which oversees how the management serves and protects the long-term interests of all the stakeholders of the Company. Your Company believes that an active, well - informed and independent Board is necessary to ensure the highest standards of Corporate Governance. Majority of the Board, 3 out of 5, are independent Directors.

During the Financial Year ended 31st March 2011, Six Board Meetings were held on 31.05.10, 31.07.010, 13.08.10, 31.10.10, 31.01.11 & 1.03.2011,

The Last Annual General Meeting was held on 30th September 2010 and the last Extra - ordinary General Meeting was held on 17th, January 20001.

The Composition of the Board, attendance of Directors at the Board Meetings held during the year under review as well as in the last Annual General Meeting and the number of other Directorships / Committee positions held by them are as under: -

S. No.	Name & Designation	Category	No. Of other Directorships held	No of Board meetings		Attended last AGM (30.09.09)
				Held	Attended	
1.	Mr. Gokul Tandan	MD	6	6	6	Yes
2.	Mr. Rajendra V. Kulkarni	WTD	6	6	6	Yes
3.	Mr. Suresh Rajpal	NEID	3	6	2	No
4.	Mr. Ashok Anand	NEID	1	6	2	No

(MD- Managing Director, WTD - Whole Time Director, NEID - Non-Executive Independent Director)

Directorship / Committee Positions

S. No.	Name of the Director	Directorships	Committees Positions		
			Name of the Company	Committee	Position
1.	Mr. Gokul Tandan	6	1. M/s. Goto Customers Services Pvt. Ltd.		Director
			2. M/s. Virtual Software & Training Pvt.Ltd.		Director
			3. CPM India Sales & Marketing Pvt. Ltd		Director
			4. M/s. Foundation Technologies (Pvt.) Ltd.		Director
			5. M/s. Digitivate Solutions Pvt. Ltd.		Director
			6. M/s. Vreach Solutions Pvt. Ltd.		Director
2.	Mr.Rajendra V. Kulkarni	6	1. M R Capital Pvt. Ltd.		Director
			2. M/s. Vijay Stampings Pvt. Ltd.		Director
			3. M/s. Foundation Technologies (Pvt.) Ltd.		Director
			4. M/s. Virtual Software & Training (P). Ltd.		Director
			5. Advani Exports Pvt. Ltd.		Director
			6. SME Business Services Ltd.		Director
3.	Mr. Suresh Rajpal	3	1. M/s. Vishnova India Pvt. Ltd.		Director
			2. M/s Purolator Pvt. Ltd.		Director
			3 M/s. Four Soft Pvt. Ltd.		Director
4.	Mr. Ashok Anand	1	1. M/s. Virtual Software & Training Pvt. Ltd.		Director

None of the Directors on the Board hold Directorships in more than fifteen Companies and hold memberships in more than ten Committees and they do not act as Chairman of more than five Committees across all the Companies in which they are Directors.

2.1 Information Placed before the Board

In addition to the matters which statutorily require Board's approval, as required by Corporate Governance, the following matters are regularly placed before the Board :-

- Minutes of Audit Committee Meetings, Share Transfer & Investors Grievance Committee Meetings.
- Recruitment and Remuneration of senior executives below the board level.
- Details of Joint Ventures / Collaboration Agreement.
- Disclosure of material related party transaction, if any
- Compliance with Regulatory and statutory requirements including listing requirement & Shareholders services.
- Details of show cause, demand, prosecution and penalty notices which are materially important
- Transactions involving substantial payments towards goodwill, brand equity or intellectual Property.
- Sale of material nature of investments, subsidiaries and assets, which are outside the normal course of business.

3. Committees of the Board

In terms of the SEBI code, the Board of the Company has constituted the Following Committees: -

Audit Committee

Share Transfer and Investors Grievance Committee.

3.1 Audit Committee

The following are the members and their attendance at the committee meetings:

S.No.	Name of Directors	Status	No. .of Meetings	
			Held	Attended
1.	Mr. Ashok Kumar Anand	Chairman	4	4
2.	Mr. Suresh Rajpal	Member	4	2
3.	Mr. Rajendra V Kulkarni	Member	4	4

During the period 01.04.010 to 31.03.11, the Audit Committee met 4 times on 31.05.10, 31.07.10, 31.10.10 & 31.01.11

The broad terms of references of Audit Committee are as follows: -

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment / re-appointment of external and internal auditors, tax auditors, fixation of statutory audit fees, internal audit fees and tax audit fees and also approval for payment of any other services.
- Review and management the annual financial statements before submission to the Board.
- Review quarterly UN - audited /audited financial results, half yearly review report.
- Review with Management, external and internal auditors the adequacy of internal control system.
- Review the adequacy of internal audit programme, internal audit reports; follow